

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, December 11, 1997, 9:00 a.m.

Utah County Commission Conference Room
100 East Center, #2300, Provo

A G E N D A

9:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of October 30 and December 1, 1997, Minutes	Gary Herbert
	Law Enforcement Committee Activity	Brett Rich
	Proposed Bylaws Changes	Brett Rich
	Election of Officers	Trustees
	Appointment of Audit Committee Member	Trustees
	Tenant User Liability Insurance Program	Brett Rich
	Review of Directors and Officers Coverage	Brett Rich
	Accounting and Actuarial Agreements	Brett Rich
	Member Proposal for Weber County	Brett Rich
	Loss Control Report	Shawn Guzman
	Broker Report	Rich Stokluska
	Summary of October Financial Statements	Brett Rich
	Set 1998 Meeting Schedule	Gary Herbert
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert
12:00	Lunch	



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UACIM BOARD OF TRUSTEES MEETING

MINUTES

December 11, 1997, 9:00 a.m.,
Utah County Commission Office

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Jerry Hess, *Vice President*, Davis County Deputy Attorney
Monte Munns, *Secretary*, Box Elder County Assessor-Treasurer
Tony Dearden, *Treasurer*, Millard County Commissioner
Ty Lewis, San Juan County Commissioner
Dan McConkie, Davis County Commissioner
Tex Olsen, Sevier County Commissioner
John Swasey, Duchesne County Commissioner

BOARD MEMBERS ABSENT

Chad Johnson, Beaver County Commissioner

OTHERS PRESENT

Kent Sundberg, Chairman, Litigation Management Committee
Brent Gardner, UAC Executive Director (via telephonic conference)
Brett Rich, Director, UACIM
Shawn Guzman, Loss Control Manager
Sonya White, Executive Assistant
Rich Stokluska, GRMS Account Executive
Doug Alexander, McLarens Toplis Claims Administrator

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Chad Johnson phoned the UACIM staff and requested that the Board excuse him from this meeting due to a prior commitment. Ty Lewis made a motion to excuse Chad from this meeting. Tony Dearden seconded the motion, which passed unanimously.

APPROVAL of OCTOBER 30 and DECEMBER 1. MINUTES

The minutes of the Board of Trustees meeting held on October 30 and the minutes of the Board of Trustees telephonic conference held on December 1, 1997 were previously sent to the Board Members for review. Tony Dearden was listed as participating in the telephonic conference and Ty Lewis was listed as unable to participate. The December 1 minutes should be corrected to show that Ty participated and Tony did not. Jerry Hess made a motion to approve the October 30 minutes as written and to approve the December 1 minutes as corrected. Ty Lewis seconded the motion, which passed unanimously.

LAW ENFORCEMENT COMMITTEE ACTIVITY

Brett Rich recommended that the Board consider the appointment of two ex-officio voting Board Members to be reserved for the chair of the Law Enforcement Committee and the chair of the Litigation Management Committee. Brett expressed his opinion regarding the importance of having representation from these two Committees on the Board. Support and input from the Sheriffs is critical to the Mutual especially when 1/3 of the total losses are in the area of law enforcement. Also, the exposure of jail facilities is continually increasing making an immense impact on the Sheriffs. Ty Lewis made motion authorizing Brett to research the concept of this recommendation and present options (in the form of bylaw changes) to the Board at the next meeting. Tony Dearden seconded the motion, which passed unanimously. Brett will report at the Sheriff's Association meeting on December 18, 1997 that the Board is reviewing the possibility of identifying positions on the Board of Trustees to include representation of a Sheriff.

PROPOSED BYLAWS CHANGES

Any proposed amendments to the bylaws must be provided to each member at least 30 days prior to the vote, therefore, Brett Rich recommended that the following proposed amendments be considered by the Board: first, ex-officio member(s); second, Board nomination procedures; and third, combining the offices of Secretary and Treasurer. Ty Lewis made a motion directing Brett to develop a draft process for the nomination of Board members for review at the next meeting. Monte Munns seconded the motion, which passed unanimously. Monte made a motion directing Brett to draft language combining the offices of Secretary and Treasurer for review at the next meeting. Dan McConkie seconded the motion, which passed unanimously.

ELECTION of OFFICERS

Terms of the bylaws are that officers shall be elected by and from among the Trustees at the first Board meeting following each annual meeting of the members. Currently serving as officers are Gary Herbert, President; Jerry Hess, Vice President; Monte Munns, Secretary; and Tony Dearden, Treasurer. Ty Lewis made a motion electing Gary Herbert as President, Jerry Hess as Vice President and Dan McConkie as Secretary and Treasurer. Monte Munns seconded the motion, which passed unanimously.

APPOINTMENT of AUDIT COMMITTEE MEMBER

Dan McConkie made a motion to appoint John Swasey to take the place of Ed Phillip as an Audit Committee member. Monte Munns seconded the motion, which passed unanimously.

TENANT USER LIABILITY INSURANCE PROGRAM

Brett Rich explained that the Tenant User Liability Insurance Program is in place with Arthur J. Gallagher and Company but the carrier is Redland Insurance instead of Fireman's Fund. The program offers the same coverage for the same premium but does not include the \$25.00 processing fee for the Mutual (making the premium \$25.00 less for the user). The Board agreed that the amount received by the Mutual was minimal and that a reduction in the amount being charged may encourage more usage. Tex Olsen made a motion to ratify the change from Fireman's Fund to Redland. John Swasey seconded the motion, which passed unanimously. Brett Rich will send out a recommendation to the members explaining when and why this program should be used.

REVIEW of DIRECTORS and OFFICERS COVERAGE

Brett Rich explained that the Executive Risk Policy for Directors and Officers coverage is up for renewal. The premium to renew is \$10,200 to cover Utah Association of Counties, UAC Insurance Mutual and Multi County Appraisal Trust and includes Attorney's Professional Coverage. APEX gave the Mutual a quote of \$5300 for claims occurrence form and \$4700 for claims made form through Savers Insurance Company. Brett and Rich Stokluska reviewed the financial and rating information and explained the following coverages with Savers: lower deductible (SIR) \$10,000, first dollar coverage for defense costs (which are not included in the limits) and five-year coverage tail. John Swasey made a motion to purchase D&O coverage through Savers Insurance Company with the occurrence form. Jerry Hess seconded the motion, which passed unanimously.

ACCOUNTING and ACTUARIAL AGREEMENTS

Brett Rich reviewed the draft agreement between UAC Insurance Mutual and Larson & Company for accounting services. Page three states: *Larson will maintain workers compensation insurance to statutory limits and general liability, auto liability and errors and omissions liability insurance, each with limits of at least \$2 million or such amounts as may be required by the Utah Commissioner of Insurance throughout the term of this agreement.* Because errors and omissions coverage is not statutorily required and due to the cost of coverage, Larson & Company does not carry errors and omissions insurance. The Board agreed that exposure exists in this area of expertise and made a motion that the agreement will not be signed without errors and omissions coverage. The Board is willing to accept an increase in fees (up to \$3000) to assist in the cost of coverage. If Larson is unwilling to purchase coverage, the Board will award the contract to Squire and Company. Dan McConkie seconded the motion, which passed unanimously.

John Swasey made a motion directing Brett to assist Larson in finding coverage for an E&O policy if placed through Gallaghers. Dan McConkie seconded the motion, which passed unanimously.

Brett continues to work on the draft contract language between UAC Insurance Mutual and Coopers and Lybrand for actuarial services. He will have the draft contract for the Board to review at the next meeting.

MEMBER PROPOSAL for WEBER COUNTY

UAC Insurance Mutual received a RFP from Weber County for Brokerage Services. Since the Mutual is not structured to provide brokerage services, Brent Gardner and Brett Rich visited with Commissioner Joe Ritchie about presenting a membership proposal to the County. Brett then met with Dave Wilson, Weber County Deputy Attorney, who suggested putting the RFP on hold until he receives and reviews the proposal from the Mutual. Brett explained that he is waiting for the County's five-year loss history and exposure questionnaire before he can begin to put the proposal together. Brett will review the proposal with the Board before submitting it to the County.

LOSS CONTROL REPORT

Shawn Guzman reported on his loss control activities (see attachment #1). Shawn will be focusing on the following:

- Building the training library with the issues at hand— auto and personnel.
- Striving to get the Law Enforcement Committee functioning, with the assistance of Gary DeLand.
- Participate in the member county jail inspections with Lane McCotter.
- Verifying the data listed on each member county property schedule and research the possibility of hiring one of the companies who gave us a proposal to conduct property spot checks.
- Building files to include each county's personnel policies.
- Researching the possibility of conducting a Personnel Directors Seminar.
- With the assistance of Peace Officers Standards Training (POST), conduct an Emergency Vehicle Operator course.

Shawn is in the process of negotiating the implementation of the WayPoint research test for new hires and existing drivers. This simple five-minute test called *channeling capacity* apparently determines that if an individual has a certain level of channeling capacity they are more likely to be involved in an accident, therefore, in need of additional training.

Shawn recommended that the board might want to consider including the adopted *County Driver Review* as a prerequisite in the Risk Management Program. In reviewing the policy in length, the Board decided that sections of the language might need to be changed. The Board will discuss the policy with their county safety personnel and Kent Sundberg will forward a copy of the Utah County Driver Review policy to Shawn for review. Any recommendations for changes will be discussed at the next meeting.

BROKER REPORT

Rich Stokluska reported that the Uintah County Nursing Home issue is on hold until the completed application is received from the county.

Rich has been working with the excess carrier in negotiating the coverages and premium for the *Flood Zone A* locations. Because the premium with the National Flood Insurance Program was so high, the excess carrier agreed to provide coverage for a premium of \$2912. Monte Munns made a motion approving the purchase of *Flood Zone A* coverage for four locations within the membership. Ty Lewis seconded the motion, which passed unanimously.

1998 MEETING SCHEDULE

The Board set the schedule for the 1998 Board of Trustees meetings as January 16, February 13 and every second Thursday thereafter. Sonya White will notify the media of the annual schedule.

SUMMARY of OCTOBER FINANCIAL STATEMENTS

Brett Rich reviewed the total incurred comparison charts at 23 months and at 35 months. At 23 months, 1996 claims are increasing, which indicates that 1996 may not be as good of year as 1995. The 35 month comparison basically verifies that 1995 was a good year for the Mutual. The Mutual does have some civil rights claims open for 1995 but if this year continues without significant changes, the Mutual will recover significant amounts of money into the financials that are reserved as incurred but not reported claims. As listed in month ending October 31, 1997 financial statements, the IBNR for 1995 is \$709,762 and there is also \$467,518 in the open case reserve. The Mutual is past the one-year statute of limitations for 1995 claims except for any civil rights claims, which have four-year statute of limitations. In 1997, the Mutual is trending an increase in both number and severity of claims. The *Net Income* listed on the *Statements of Income and Surplus* for 1997 is \$452,806 compared to (\$304,069) in 1996. A significant amount of the net income is due to a change in reporting requirements□ the interest on the debentures is not listed as a liability until it is due.

SET DATE and TIME for CLOSED MEETING

Ty Lewis made a motion to set the date and time for a closed meeting to begin at 1:00 p.m. on December 11, 1997, to discuss pending or reasonably imminent litigation. Jerry Hess seconded the motion, which passed unanimously.

John Swasey made a motion to conclude the closed meeting at 1:40 p.m. on December 11, 1997. Ty Lewis seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Tex Olsen made a motion authorizing the removal of Snow, Christensen and Martineau from the following cases: claim numbers 801WAT947007, 801WAT965002 and 801MIL957009 and reassigning the cases as determined by the Litigation Management Committee. Monte Munns seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

Jerry Hess made a motion to set the date and time for a closed meeting to begin at 1:45 p.m. on December 11, 1997, to discuss the character, professional competence or physical or mental health of an individual. The motion was seconded and passed unanimously.

A motion was made to conclude the closed meeting at 1:55 p.m. on December 11, 1997. The motion was seconded and passed unanimously.

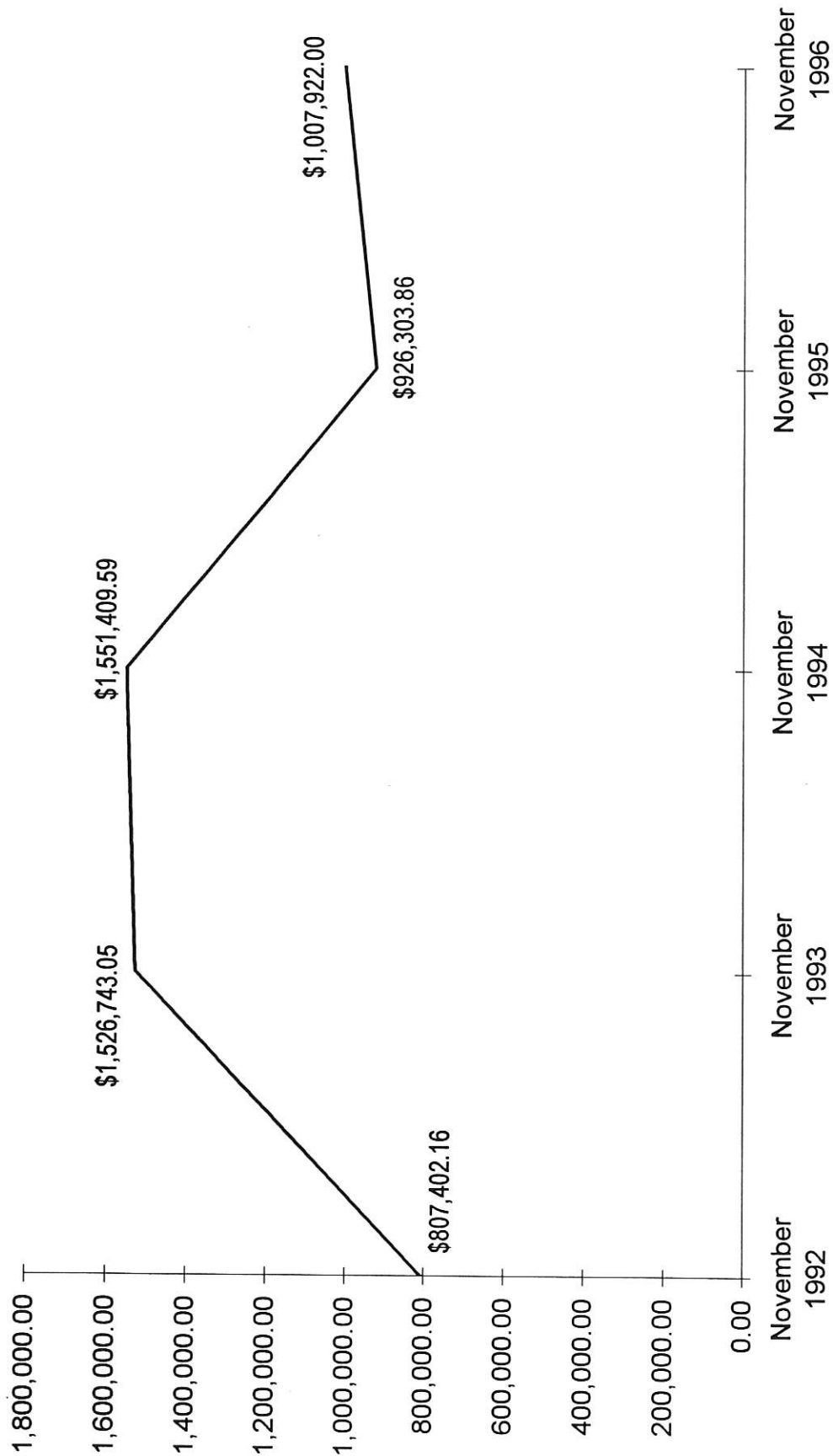
OTHER BUSINESS

Brett Rich reported that the addendum to the claims management contract between UAC Insurance Mutual and McLaren's Toplis has been accepted, but not signed, as of today. The addendum to the brokerage contract between UAC Insurance Mutual and Arthur J. Gallagher and Company has been accepted.

Brett Rich reported that Salt Lake County has expressed interest in working with the Mutual in some capacity. Civil Division Chief Attorney, Bill Hyde, attended the November Membership meeting and has scheduled to meet with Brent Gardner and Brett on December 19. Brett also reviewed plans to submit proposals to other counties in 1998.

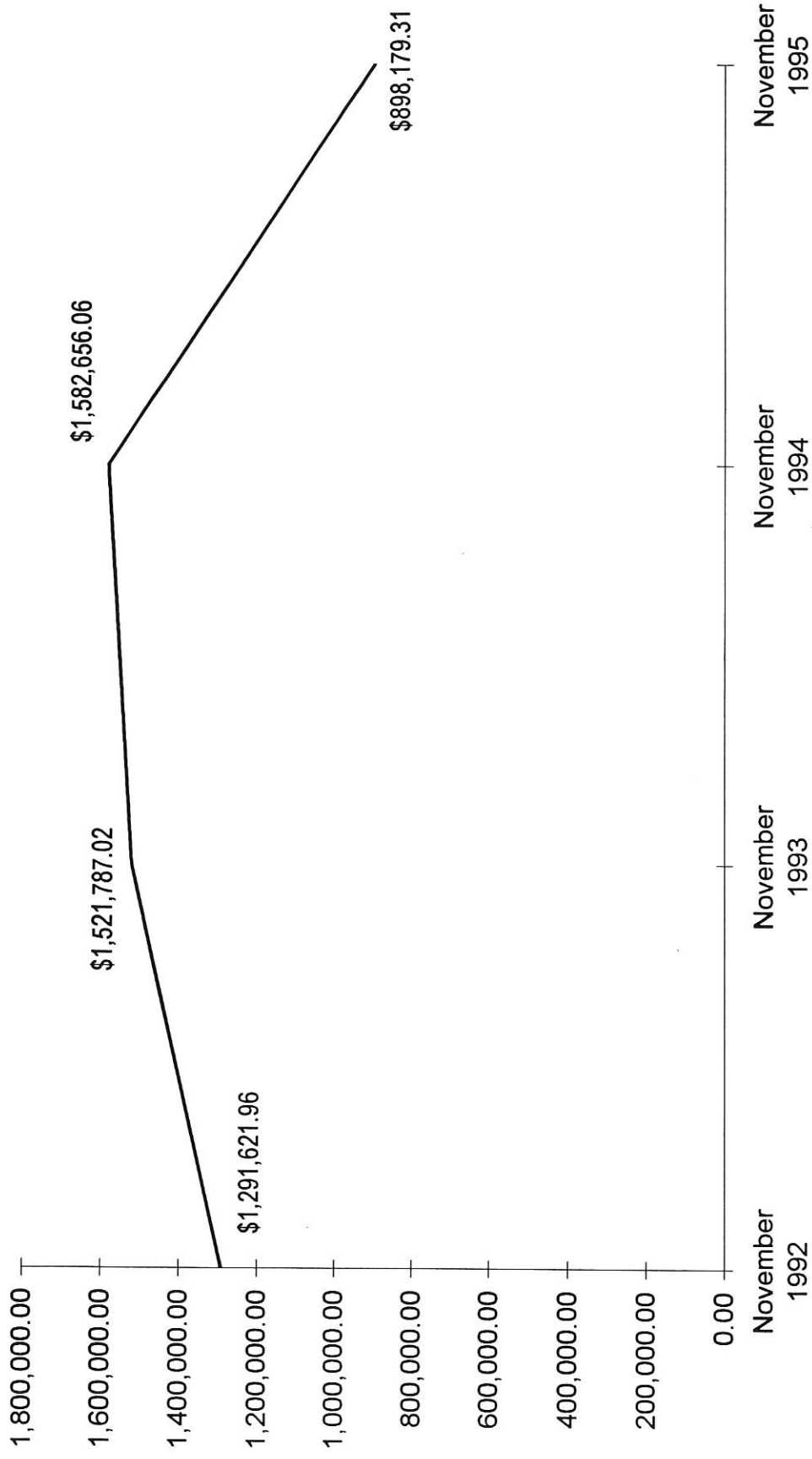
UAC Insurance Mutual

Total Incurred Comparison at 23 Months



UAC Insurance Mutual

Total Incurred Comparison at 35 Months



Loss Control Report

December, 1997

Denver:

Very productive week. I spent the week with their most experience loss control person. Although a lot of what they do is geared towards reducing worker's compensation claims, I was able to inspect several buildings, attend some workshops, and look through their library and get their input on videos, books, and handouts that they have found effective. They also gave me information on national seminars and associations that they attend annually and they had found very worthwhile.

After visiting with the Colorado mutual I have found that our library and training materials are very inadequate. It appears that the budget has been made available in the past but has not been used. I will use the information I received in Colorado to begin building our library based upon our most pressing needs, such as automobile training and personnel training, and the budget which has been allocated for 1998.

Meeting with Gary Deland, Utah Sheriff's Association:

Brett Rich and I met with Gary Deland while we were in Washington County. We told him that we felt that the Law Enforcement Committee was a valuable resource to the Mutual and for loss control. He agreed and will work with us to encourage participation by the Sheriffs.

We also discussed jail inspections. He informed us that the method for inspections was changing. In 1998 Lane McCotter will be inspecting the jails until an inspector is hired. He invited me to attend the inspections and will notify me before inspecting a jail in any of our counties.

Inspection of county properties with Great American:

I joined Mitch Irlinborn from Great American on visits to Emery, Juab, and Sanpete counties. We discovered that the properties lists from all three counties were lacking. Many addresses were wrong, valuations did not seem to be correct, some buildings had multiple listings, the names were confusing, and some properties were omitted altogether.

Mitch will leave me a copy of his list, and I will take the list to each county and match the list with the county list. By the end of 1998, the properties should be verified for each county.

I noted that in all three counties, as well as other counties I have visited, the J. P. courtrooms are left unlocked, and often the district court courtroom as well. I recommend that these be locked when not in use.

Counties visited:

Uintah County:

I met with Jerry Golins to review the premium credit for Uintah County. Accident review board needs to be fully implemented with the backing of the commission. Jerry also took me on a tour of the county facilities. Jerry thought that a statewide meeting of personnel directors from mutual counties was a great idea and he offered to host and present a workshop.

Washington County:

I met with Carolyn Sutterfield, John Willie, the Roads Department, and a representative from the Sheriff's Office. I found that they have not implemented much of the Risk Management Program. It appeared that they were not aware of much of the program, although they had a copy. The majority of the problem seems to be that the staff all have multiple duties and no one person is in charge of overseeing the program. I will be working with Washington County to implement the programs and follow up on the progress.

Iron County:

I met David Yeardley and was very impressed with his knowledge of the claims filed by the county and his follow up on those claims. He has implemented most of the Risk Management. The county needs to fully implement the Mutual's driver policy including the accident review board. Overall, Iron County appears to be doing an excellent job. Iron County is in favor of having a personnel director's meeting.

Emery County:

Emery County is currently involved in a personnel problem which may result in litigation. I will be meeting with Commissioner Wilson, the Personnel Director, and the department head tomorrow. The problem highlights the need for county road departments to review medical certifications for CDL holders to determine that the Doctor has not overlooked obvious medical conditions which would prohibit the granting of a CDL.

Emery County needs to implement the Mutual's driver policy. I met with the Sheriff and the risk management committee and they are in favor of incorporating the policy in their county policies and procedures. I will work with them on this. The Sheriff has asked me to inspect their shooting range. It has open access to the public and he also claims there is a danger of bullets

ricocheting back at the officers. He asked the county to make some changes, but has not been successful.

Pat Snowball is also very much in favor of a Personnel Director's workshop.

Auto Claims:

Report on new claims..

Proposals:

Follow up on each auto claim with a letter requesting the county to comply with the driver policy adopted by the board.

Negotiate the implementation of Way Point Research test for new hires and existing drivers.

Letter from the Board reviewing the Mutual's driver policy and asking for the implementation of the policy by each county and offering the services of the Loss Control Manager.

Make the full implementation of the Mutual's driver policy a prerequisite for premium credit.

Conduct EVO driving courses with POST. Make it a requirement that each deputy who is involved in an accident attend the next workshop. The training should involve vehicles that the county uses.

Conduct DDC in each county for county drivers. I will be cerifying as an instructor in March.

Work with the individual counties on instituting programs. For example, Davis County is in favor of bumper stickers on county vehicles.



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

November 25, 1997

Kent Sundberg
Utah County Deputy Attorney
100 East Center #2100
Provo, UT 84606

RE: Automobile claim dated 10-27-97, David Sheen

Dear Kent:

I am writing to you in regard to the automobile claim filed by Utah County on the date noted above. As you may be aware, the UACIM Board of Directors has asked that Utah County conduct an accident review of each automobile claim reported to the mutual. The Board has requested that each member county conduct the review to determine the cause of the accident, any contributing factors associated with the accident, the circumstances surrounding the accident, and the employee's level of fault in the accident. A brief report on the decisions and actions taken by the county as a result of the accident review should be submitted in writing to the UACIM.

I have enclosed a copy of the Joint Policy on County Driver Review for your reference. I look forward to hearing from you within the next 30 days. If I can be of assistance, please feel free to call.

Sincerely,

Shawn M. Guzman
Loss Prevention Manager,
Utah Association of Counties Insurance Mutual

1021 SOUTH 700 EAST
SUITE 130
MURRAY
UTAH 84107
801-265-1331
FAX 801-265-9485

- D. Subject volunteer drivers to the same review as paid employees with the exception of suspension without pay. On the third incident, volunteer drivers should be terminated.
- E. Require that the drivers or operators involved in any accident, resulting in damage to county owned equipment, appear before the ARB and explain the circumstances surrounding the accident, their specific involvement and the contributing factors associated with the accident.
- F. Determine the employees level of fault in the accident.
- G. County drivers involved in accidents resulting in damages over \$25,000, where serious injury or death results and where the ARB determines a high level of fault should be suspended without pay for a period to be determined by the ARB.

NOTE: In Utah, a conviction for DUI remains a part of the driver's MVR for six years; in addition to the following mandated requirements:

First offense;

Ninety day suspension of driver's license
Rehabilitation
SR 22 insurance required for three years
\$50-85 reinstatement fee

Second offense, (within six years)

One year revocation
Rehabilitation
SR 22 insurance for three years
Reapplication
\$50-85 reinstatement fee

Adopted 1/25/96

JOINT POLICY COUNTY DRIVER REVIEW

The UACIM Board of Directors has adopted the following policy concerning individual drivers of county vehicles and operators of county equipment. The policy is intended to provide member counties with clear procedures for evaluating county employees who damage county vehicles and recommended actions for responding to the evaluation.

- I. UACIM asks that each county take the following actions:
 - A. Establish an Accident Review Board (ARB) comprised of the county insurance coordinator, and other county officials; such as, representatives of the roads department, sheriff's office, personnel department, or any others the county feels could assist in the accident review.
 - B. Adopt specific policies regarding the following:
 1. Driving Under the Influence (DUI) violations;
 2. Disciplinary Procedures;
 3. Volunteer drivers; and
 4. Motor Vehicle Report (MVR) reviews.
 - C. The County Insurance Coordinator should submit to UACIM, a brief report on the decisions and actions taken by the Board relating to each accident.
- II. UACIM submits the following suggestions for consideration by counties.
 - A. Instruct the ARB to check the state Motor Vehicle Records (MVR) of each county driver and equipment operator annually. Any driver with a DUI violation should be called before the ARB and placed in a non-driving position for a period to be determined by the ARB.
 - B. Suspend county drivers who operate county owned vehicles or equipment while under the influence of alcohol or illegal drugs, without pay for a period to be determined by the ARB.
 - C. Consider, as a minimum, the following actions regarding an employee for whom the ARB establishes a high level of fault, when involved in an accident or damage to county equipment:
 - First incident.* A written warning to the employee. A copy of the warning should go into the employee's personnel file.
 - Second incident.* A written notification that the employee is being placed in a non-driving position for a period determined by the ARB.
 - Third incident.* A written notification that the employee is suspended without pay for a period to be determined by the ARB.
 - Fourth incident.* Termination.

AFFIDAVIT OF GARY R. HERBERT

STATE OF UTAH)

:ss

COUNTY OF UTAH)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

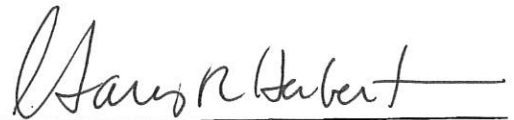
1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 11 day of December, 1997, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 17th day of December, 1997.



GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 17th day of December 1997, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.


NOTARY PUBLIC

Residing at: Provo, Utah

My Commission Expires: 5-19-99

COMM. EXP. 5-19-98
PROVO, UTAH 84606
100 EAST CENTER STREET
NOTARY PUBLIC - STATE OF UTAH
SHEILA HANSON



AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 1997, by and between UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL, a corporation ("UACIM"), and Larson & Company, a Professional Corporation, ("Larson").

I. RECITALS

WHEREAS, UACIM desires to obtain certain accounting services; and

WHEREAS, Larson is engaged in the business of providing professional accounting services; and

WHEREAS, Larson desires to provide certain accounting services to UACIM and UACIM desires to have Larson provide such services in accordance with the terms hereof.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

II. TERM & TERMINATION

A. Term

This Agreement shall be effective for an initial term of one year commencing January 1, 1998 and shall remain in full force and effect until January 1, 1999. Thereafter this Agreement shall be automatically renewed for successive one year terms until terminated as provided herein.

B. Termination

Either party may terminate this Agreement, with or without cause, upon the conclusion of the initial term or the conclusion of any successive renewal term by providing thirty (30) days prior written notice. In the event either party materially breaches this Agreement at any time, this Agreement shall terminate upon the failure of the breaching party to remedy the breach within thirty (30) days of receipt of written notice of the breach.

III. AGREEMENT

A. Obligations of Larson

1. Larson shall provide monthly financial statements, quarterly statements, Annual Yellow Blank, Statutory Audit and consulting services as required for UACIM.
2. Larson shall be responsible for all statutory filings required by the Utah State Insurance Department or the National Association of Insurance Commissioners ("NAIC").
3. Larson agrees not to disclose to any other person or entity, nor ever use for any purpose other than providing services to UACIM, any information regarding UACIM, or any UACIM member, except as expressly authorized, in writing, by UACIM or as may be required by law.

B. Obligations of UACIM

1. Larson shall receive a fee for its services provided hereunder as follows:

Statutory Audit	\$5,520.00
Annual Statement (yellow book)	\$3,710.00
Quarterly financial Statements (3 at 982)	\$2,946.00
Monthly Financial Statements (12 at 450)	\$5,400.00

Unless this agreement is terminated as provided herein, or unless agreed otherwise in writing, the fees for services provided during the years 1999 and 2000 shall be as follows:

	<u>1999</u>	<u>2000</u>
Statutory Audit	\$5,850.00	\$6,200.00
Annual Statement (yellow book)	\$3,925.00	\$4,150.00
Quarterly Financial Statements (3 at 1,040)	\$3,120.00	(3 at 1,100) \$3,300.00
Monthly Financial Statements (12 at 480)	\$5,760.00	(12 at 510) \$6,120.00

2. Larson shall present an invoice to UACIM monthly for services provided during the month and UACIM shall pay for services within 30 days of invoice. UACIM shall also pay interest on amounts not paid within 30 days of invoice, at the rate of 1.5% per month.

C. Mutual Obligations

1. Ownership of Records and Documents

Larson agrees that all books, records, accounts, lists of names, journals, ledgers

and other recorded information received or developed by Larson in connection with the administration of UACIM shall always be and remain the property of UACIM.

Larson agrees to keep all such material and information confidential and to not reproduce, disclose or disseminate the material or the information contained therein to third parties, except as described herein or required by law, without the prior written consent of UACIM. Upon termination of this Agreement for any reason, Larson shall immediately return all such material, and any copies thereof, to UACIM, without charge.

2. Indemnification and Insurance

Larson agrees to indemnify, defend and hold harmless UACIM and its officers, trustees, and employees from any and all types of suit, claim, action, loss, damage, liability and expense, including attorney's fees arising from any act, error, omission or misrepresentation of Larson or its employees, agents or servants regarding the subject matter of this Agreement, except that in the event of any final judgment of a court (on which an appeal is not made) against UACIM which holds that UACIM has been independently negligent or contributorily negligent in its actions, then Larson shall not be required to indemnify UACIM for any portion of said judgment which pertains solely to UACIM's independent negligence or contributory negligence.

UACIM agrees to indemnify, defend and hold harmless Larson and its officers, trustees, and employees from any and all types of suit, claim, action, loss, damage, liability and expense, including attorney's fees arising from any act, error, omission or misrepresentation of UACIM or its employees, agents or servants regarding the subject matter of this Agreement, except that in the event of any final judgment of a court (on which an appeal is not made) against Larson which holds that Larson has been independently negligent or contributorily negligent in its actions, then UACIM shall not be required to indemnify Larson for any portion of said judgment which pertains solely to Larson's independent negligence or contributory negligence.

Larson will maintain Workers Compensation insurance to statutory limits and General Liability, Auto Liability, and Errors and Omissions Liability Insurance, each with limits of at least \$2 million, or such additional amounts as may be required by the Utah Commissioner of Insurance, throughout the term of this Agreement. Larson will provide evidence of Insurance upon request.

3. Waiver of Nonperformance

No waiver of any default in performance on the part of Larson or like waiver by UACIM, or any breach or a series of breaches of any of the terms, covenants or conditions of this Agreement shall constitute a waiver of any subsequent breach or a waiver of said terms, covenants or conditions. Resort to any remedies referred to herein shall not be construed as a waiver of any other rights and remedies to which either party is entitled under this Agreement or otherwise.

4. Partial Invalidity

Should any part of this Agreement, for any reason, be declared invalid by a court of competent jurisdiction, the remaining portion shall remain in full force and effect as if this Agreement had been executed without the invalid portion.

5. Governing Law

The validity, interpretation and performance of this Agreement shall be controlled and construed according to the laws of the State of Utah. The parties agree to the jurisdiction and venue of any duly authorized Court in Salt Lake City, Utah that possesses adequate and appropriate personnel and subject matter jurisdiction.

This agreement automatically conforms to any applicable Utah law or regulation (or amendment thereto).

6. Entire Agreement; Modification or Amendment

This Agreement represents the entire and exclusive statement of the agreement of the parties and may be modified or amended only by a written statement signed by both parties. Such modification or amendment shall be attached to, and shall thereupon become a part of this Agreement.

7. Headings

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

8. Practice of Law

It is understood and agreed that Larson will not perform, and UACIM will not request performance of, any services which may constitute the unauthorized practice of law.

9. Remedies Not Exclusive

No remedy conferred hereunder is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

10. Assigns and Subcontracting

This agreement is personal to each of the parties and no party may assign or delegate that party's rights or obligations under this agreement without first obtaining the express written consent of the other party. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

D. Relationship of the Parties

It is understood and agreed that Larson is engaged to perform services under this Agreement as an independent contractor. The parties agree that neither party has any relationship with or contractual liability to the other with respect to the subject matter of this Agreement other than as set forth herein.

E. Notices

All notices as provided herein shall be in writing, and shall be sent certified mail, postage prepaid, with return receipt requested to the following address or to such other address as either party may hereafter furnish:

For Utah Association of Counties Insurance Mutual:

Brett Rich
Utah Association of Counties
4021 South Seventh East, Suite 180
Salt Lake City, Utah 84107

For Larson & Co.:

Dennis T. Larson
Larson & Co., PC
1785 West 2300 South
Salt Lake City, Utah 84119

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

By: _____

Title: _____

Larson & Company, PC

By: _____

Title: _____

